



# PROGRAM EVALUATION DIVISION

## NORTH CAROLINA GENERAL ASSEMBLY

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# Enhanced Services Package Implementation: Costs, Administrative Decision Making, and Agency Leadership

## Summary

At the request of the Joint Legislative Program Evaluation Oversight Committee, the Program Evaluation Division conducted a focused examination of policy and program decisions and agency leadership changes associated with the mental health system's Enhanced Services Package expenditures from April 2006 through February 2009. This report is a follow-up to the Program Evaluation Division's July 2008 report entitled *Compromised Controls and Pace of Change Hampered Implementation of Enhanced Mental Health Services*.

The Enhanced Services Package was designed to expand participation in Medicaid's rehabilitation option, thereby leveraging federal funding for a wider and more complete range of services. In addition to intensive, evidence-based practice models, the Enhanced Services Package included a less-intensive service known as individual Community Support.

The Program Evaluation Division found

- From April 2006 through February 2009, a total of \$2.4 billion was spent on enhanced services, \$827.2 million of which was North Carolina's share of the costs.
- Total costs began escalating rapidly in October 2006, but key agency cost-controlling decisions were not made until February 2007.
- Assuming that expenditures from September 2008 to February 2009 represent reasonable costs for enhanced services, effective planning and oversight could have avoided costs of \$498.5 to \$635.3 million, of which \$177.4 to \$226.2 million would have been North Carolina's share of the avoided costs.
- From April 2006 to March 2007, expenditures for individual Community Support services accounted for 97% of all enhanced services expenditures, whereas the other 18 services accounted for 3% of total expenditures.
- From April 2006 to March 2007, individual Community Support utilization grew by 235%, whereas utilization of all other enhanced services combined grew by 44%.
- There were 10 changes in key agency leadership positions during the three years of Enhanced Services Package implementation. In contrast, a total of six leadership changes occurred in the five years between 2001, when mental health reform began, and March 2006, when the Enhanced Services Package was implemented.